

Building trades push to expand prevailing wage requirements

ALBANY — Building trade unions are launching a push this week to expand prevailing wage requirements, setting up a budget battle with business groups that see it as a costly mandate.

Jim Cahill, president of the New York State Building & Construction Trades Council, said his group is asking lawmakers to insert language into the state's \$168.2 billion budget that would expand the definition of a "public work" to cover any construction project that receives a government subsidy.

The state Constitution requires the payment of a prevailing wage for any "public work." As currently defined, public works are generally thought to be public facilities constructed with public money for public use. But under the union-supported bill, NY A5498 (17R), any projects receiving tax breaks from an industrial development authority, or direct grants from state agencies or authorities, would be considered a "public work."

"Without a clear definition of 'public work' there is no clear standard. ... They've created quite a mess," Cahill told POLITICO on Friday.

In New York, prevailing wages are usually set based on collective bargaining agreements in a given area, thereby favoring unionized workers. The intent of the provision, which was added to the state Constitution during the Great Depression, was to prevent out-of-state crews and contractors from bidding on jobs at rates that undercut the accepted norms of the New York market.

Business groups are vigorously opposing the bill, and say that higher mandated wages will increase project costs and result in fewer projects being completed.

"The issue is not only what the wages are. It's whether these projects are affordable in the first place," said Ken Pokalsky, vice president for public policy at The Business Council of New York State.

The state doles out billions of dollars each year in incentives, and local entities put out even more. Brian Sampson, president of the Associated Builders and Contractors' Empire Chapter — which represents non-union contractors in the state — agreed with Pokalsky that costs would rise.

"This is nothing more than a means to grab some market share back for union contractors and their employees," Sampson said. "You would see an incredibly measurable drop in

private construction in New York state for the foreseeable future.”

That assertion is a matter of dispute. Cahill pointed to a recently completed study — conducted by Cornell University’s School of Industrial and Labor Relations and funded by a state Senate grant — which said higher wage costs shouldn’t be the singular focus because higher wages mean higher-skilled workers who can complete projects faster and with better quality.

“While there is no single definition of ‘economic development,’ the term generally refers to those government policies adopted to improve the economic well-being of a community or state. Such policies are often aimed at job creation and retention, improving the business climate and enhancing the overall quality of life,” wrote Fred Kotler, the author of the Cornell study. “The prevailing wage requirement is closely aligned with the concept of economic development. Prevailing wages drive an area’s economic development by shoring up consumer demand within their respective communities and boosting local businesses.”

Last year, the Empire Center for Public Policy — a fiscally conservative think tank based in Albany — issued a report that took issue with how prevailing wage is calculated and argued that they drive up project costs by anywhere from 13 percent in the Capital Region to 25 percent in New York City.

Said Cahill: “You could make an argument for that, but you could make an argument for cost plus value.”

The union chief said his group is launching digital ads and would talk to lawmakers starting this week. Democrats who dominate the Assembly will include the expanded prevailing wage definitions in their one-house budget resolution, which is expected to be released Monday and will inform coming negotiations with leaders of the state Senate and Gov. Andrew Cuomo.

Cahill and his group are close to the Democratic governor, and applauded when Cuomo stalled the renewal of the 421-a housing subsidy program over concerns about worker benefits.

“I’ve always found dealing with the governor that when something is good for the New York people and the New York worker, he’s for it,” Cahill said. “It’s our duty right now to prove to him and everybody else that it’s good.”